

## **Related Parties As Used in Transfer Pricing Abstract**

The paper examines the scope of related party transactions falling under the OECD Transfer Pricing Guidelines (TPG) and the transfer pricing regimes of selected tax jurisdictions. The OECD TPG does not deal with the concept of associated enterprises as used in Article 9 of the OECD Multilateral Tax Convention (MTC), while Article 9 of the OECD MTC does not define the terms used to describe associated enterprises. This gives rise to the question of what exactly was intended for under the scope of Article 9 and its consequent applicability. At the same time, many jurisdictions define related party transactions for transfer pricing purposes using the concept of “control”, but countries may perceive “control” from different perspectives.

The paper discusses the practical implications arising from such differences in specific scenarios, e.g. joint ventures, family owned companies, comparability and country-by-country reporting. The “closely related” concept proposed under BEPS Action 7 is also discussed. Finally, the paper concludes with some recommendations to resolve these issues. Given the increasing focus on transfer pricing, more transfer pricing disputes are expected and correspondingly a greater use of Article 9 to eliminate economic double taxation. This intensifies the need for clarity on the scope of Article 9. It would also be timely to review the scope in light of the changes that are being made to the OECD TPG.